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C O N F I D E N T I A L BUDAPEST 000226

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DEPARTMENT FOR EUR/FO AND EUR/CE JAMIE LAMORE, PLEASE PASS
TO NSC JEFF HOVENIER AND KHELGERSON

E.O. 12958: DECL: 03/22/2014

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SUBJECT: PM GYURCSANY MAYBE OUT OF OFFICE BUT NOT OUT OF
POWER

Classified By: Acting P/E Counselor Jon Martinson, reasons 1.4 (b,d)

11. (U) Summary. In a surprise announcement at the Socialist Party (MSzP) Congress on March 21, Prime Minister Ferenc Gyurcsany told party members that he will step down as Prime Minister following a successful constructive-vote-of-no-confidence scheduled for April 14. Apologizing to party members for "the mistakes I have made," the Congress subsequently reelected Gyurcsany as party President with 85 percent support. Additional reshuffling of the party's presidium, with former first Vice President Ferenc Juhasz and Vice President Istvan Hiller now out, leaves four of the five top party officials as non-Gyurcsany supporters as the MSzP prepares for the upcoming European Parliamentary (EP) elections in June. End summary.

GYURCSANY'S SURPRISE ANNOUNCEMENT AND SUPPORT

12. (U) At the March 21 Socialist Party (MSzP) Congress, Prime Minister and Party President Ferenc Gyurcsany astonished the audience when he announced he would step down as Prime Minister, proposing the formation of a new Cabinet with a new Prime Minister within two weeks (septel). Although unchallenged for party president, there were indications that critical voices within the party would result in a relatively large number of protest votes, raising the specter of legitimacy even if Gyurcsany was reelected. However, Gyurcsany's surprise announcement and very self-critical speech, significantly altered the Congress' atmosphere, and after a standing ovation, Gyurcsany was reelected as MSzP President with 85 percent of the votes.

PRESIDIUM SHIFT

13. (U) There were three candidates for the two First-Vice President positions. Incumbent, and Defense Minister, Imre Szekeres was reelected with 85 percent support and Monika Lampreth received 68 percent. Ferenc Juhasz, widely criticized for inefficient performance within the party, withdrew from the race, paving the way for Monika Lamperth. She has served as the newly created "party chief of staff" ever since Gyurcsany removed her as Social and Labor Minister in 2008.

¶4. (U) While two of the incumbent Vice Presidents, Peter Kiss and Istvan Ujhelyi, were re-elected with 76 and 71 percent support respectively, Attila Mesterhazy, who is a popular Deputy Head of the party's parliamentary faction, defeated Gyurcsany protege Istvan Hiller, currently Minister of Education and Culture, from his position with 78 percent of the vote.

¶5. (C) With these new elections four of the five top officials are not Gyurcsany supporters. Peter Kiss, leader of the Leftist Platform with MSzP, was Gyurcsany's rival in the 2004 race to replace PM Medgyessy. Szekeres, Lamperth, and Mesterhazy are all longtime Embassy contacts and commented on past occasions about personal conflicts with Gyurcsany. Additionally, another Embassy contact told EmbOff on March 23 that Istvan Ujhelyi is typically the person found next to the winner, and as such, only he can be considered a real Gyurcsany fan amongst the top Socialist leadership at the moment.

¶6. (U) The only serious rivalry during the Congress was for the remaining seven seats in the 15 member party executive board. While Finance Minister Janos Veres, Defense Ministry Senior State Secretary Agnes Vadai, MEP Edit Herczog, and Youth leader Laszlo Varga were reelected along with Ferenc Juhasz and Istvan Hiller, Gergely Barandy is a new face, winning a seat under the party's youth quota guidelines. (Note: the party Charter requires two women and two young politicians in the 15 member Presidium. End Note.)

¶7. (C) Comment. Gyurcsany's surprising announcement potentially changes the Hungarian Government landscape, but

leaves him well positioned to play a continuing influential role in politics. If the April 14 constructive-vote-of-no-confidence removes Gyurcsany from office, he will still have significant opportunities as a member of Parliament and party leader to influence Government programs. While there are those in the Presidium who are less supportive of Gyurcsany, the significant support during the voting for Party President - pre-Congress estimates suggested perhaps 70 percent support - may manifest itself in increased support in the polls prior to the upcoming EP elections. End comment.
Foley